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9 **TONKON TORP LLP**

1600 Pioneer Tower

10 888 S.W. Fifth Avenue

Portland, OR 97204

11 Attorneys for Debtor

13 UNITED STATES BANKRUPTCY COURT

14 DISTRICT OF OREGON

15 In re

16 C & K Market, Inc.,

17 Debtor.

Case No. 13-64561-fra11

**DEBTOR'S APPLICATION FOR
ORDER TO EMPLOY HENDERSON
BENNINGTON MOSHOFSKY, P.C.
AS ACCOUNTANTS FOR DEBTOR**

19 C & K Market, Inc., debtor and debtor-in-possession ("Debtor"), hereby
20 applies to this Court for authority to employ Henderson Bennington Moshofsky, P.C.
21 ("Henderson Bennington") as accountants for Debtor in this Chapter 11 proceeding to
22 provide professional services in connection with the administration of this case on the terms
23 set forth in the engagement letter, a copy of which is attached as **Exhibit 1**. Debtor makes
24 this Application pursuant to 11 U.S.C. § 327 and Federal Rule of Bankruptcy Procedure
25 2014. In support of this Motion, Debtor incorporates the statements contained in the
26

1 Declaration of Edward Hostmann in Support of First Day Pleadings ("First Day
2 Declaration") filed contemporaneously herewith, and further respectfully states as follows:

3 1. On November 19, 2013 (the "Petition Date"), Debtor filed a voluntary
4 petition for relief under Chapter 11 of Title 11 of the United States Code.

5 2. Debtor has continued in possession of its property and is continuing to
6 operate and manage its business as debtor-in-possession pursuant to Sections 1107(a) and
7 1108 of Title 11 of the United States Code.

8 3. No request has been made for the appointment of a trustee or
9 examiner, and no official committee of unsecured creditors has been appointed in Debtor's
10 case.

11 4. The Court has jurisdiction over this matter pursuant to 28 U.S.C.
12 §§ 157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.
13 This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

14 5. C & K is a family owned grocery store company headquartered in
15 Brookings, Oregon. Ray Nidiffer founded the company in 1956 with a single store in
16 Brookings. Over the next 50 years, the Nidiffer family and its employees grew the company
17 to a chain of 60 stores, operating mostly in small rural communities, with 41 stores in Oregon
18 and 19 stores in northern California. The stores operate under the banners Ray's Food Place,
19 Shop Smart and C & K Market ("Market"). Market employs over 2,300 employees,
20 approximately 57% of whom are full-time. Market has an average biweekly payroll in
21 excess of \$2,700,000 and provides family health insurance for all its full-time employees.

22 6. Debtor wishes to retain Henderson Bennington to assist it with
23 accounting and tax issues arising in this case. Debtor selected the accounting firm of
24 Henderson Bennington for the reason that Henderson Bennington has considerable expertise
25 in accounting and tax issues and in bankruptcy proceedings and is well qualified to assist
26 Debtor in this matter.

7. The professional services that Henderson Bennington is to render include reviewing the Debtor's prior accounting and record keeping, preparing financial statements, preparing 2015 Reports, preparing payroll tax returns, assisting Debtor with the preparation of its federal and state tax returns and supporting schedules, preparing any bookkeeping entries necessary in connection with preparation of Debtor's tax returns, preparing and posting any adjusting entries, and generally assisting Debtor in such accounting and tax matters as may be required, with such engagement to be effective as of the date of this Application.

8. Subject to Court approval, Debtor has agreed to compensate Henderson Bennington on an hourly basis in accordance with Henderson Bennington's ordinary and existing hourly rates in effect on the dates services are rendered. Henderson Bennington's services will be billed to the estate for payment as an administrative expense under Sections 503(b) and 507(a)(1) of the Bankruptcy Code. The Henderson Bennington professionals who will be primarily responsible for providing services and their current billing rates are as follows:

<u>Name</u>	<u>Hourly Rate</u>
Judith V. Bennington	\$230.00
Stephen P. Moshofsky	\$230.00
Lai Wa Ng	\$190.00
Inna L. Schtokh	\$140.00
Kenneth M. Bakondi	\$140.00
Trudy E. Bradetich	\$55.00
Karin von Krenner	\$55.00

9. Henderson Bennington will maintain detailed, contemporaneous time records of expenses incurred, with the rendering of accounting services described above by category and nature of services rendered.

10. Henderson Bennington has not agreed to any variations from, or alterations to, its standard or customary billing arrangements for this engagement.

1 11. None of the Henderson Bennington professionals included in this
2 engagement have varied their rate based on the geographic location of this bankruptcy case.

3 12. Henderson Bennington is billing Debtor at the same effective rates that
4 it billed prepetition.

5 13. Within the 12-month period preceding the Petition Date, Henderson
6 Bennington has not provided any accounting services to Debtor, except as stated in the
7 Rule 2014 Verified Statement filed with this Application. Henderson Bennington is not a
8 creditor of Debtor.

9 14. To the best of Debtor's knowledge, Henderson Bennington does not
10 have any connection with Debtor, its creditors, any other party in interest, or their respective
11 attorneys or accountants, except as stated in the Rule 2014 Verified Statement filed with this
12 Application.

13 15. A proposed Order Authorizing Employment of Henderson Bennington
14 is attached as **Exhibit 2**.

15 For the reasons stated in this Application, Debtor requests that the Court enter
16 an order authorizing it to employ Henderson Bennington to provide accounting services to
17 Debtor in this Chapter 11 case, with compensation and reimbursement of expenses to be paid
18 as an administrative expense in such amounts as may be allowed by this Court after notice
19 and hearing pursuant to Section 330 of the Bankruptcy Code or as otherwise provided by
20 Court order.

21 DATED this 20th day of November, 2013.

22 TONKON TORP LLP

23 By /s/ Ava L. Schoen

24 Albert N. Kennedy, OSB No. 821429

25 Timothy J. Conway, OSB No. 851752

26 Michael W. Fletcher, OSB No. 010448

Ava L. Schoen, OSB No. 044072

Attorneys for Debtor

EXHIBIT 1

ENGAGEMENT LETTER

HENDERSON • BENNINGTON • MOSHOFSKY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

ROGER C. HENDERSON
JUDITH V. BENNINGTON
STEPHEN P. MOSHOFSKY

October 30, 2013

Mr. Edward Hostmann, President
Edward Hostmann, Inc.
Chief Restructuring Officer
C & K Market, Inc.
P.O. Box 454
Lake Oswego, OR 97034

Dear Mr. Hostmann:

This letter is to confirm and specify the terms of our engagement with Edward Hostmann, Inc. and to clarify the nature and extent of the services we will provide.

Our engagement will be designed to perform the following services:

1. Accounting for and preparation of monthly Rule 2015 Reports, as required.
2. Accounting for and preparation of corporate tax returns for 2013 forward, as required.
3. Generally assisting the Chief Restructuring Officer in such accounting and tax matters as he may require.

Our work in connection with the above does not include any procedures designed to discover defalcations or other irregularities, should any exist.

We will use our judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. Unless otherwise instructed by you, we will resolve such questions in your favor whenever possible.

The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on the amount or circumstances of these penalties, please contact us.

Management is responsible for the proper recording of transactions in the books of accounts, for the safeguarding of assets, and the substantial accuracy of the financial records. You have the final responsibility for the income tax returns and other reports prepared by our firm and, therefore, you should review them carefully before you sign and file them.

Your returns may be selected for review by the taxing authorities. Any proposed adjustments by the examining agent are subject to certain rights of appeal. In the event of such government tax examination, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

Our fees for accounting and financial services as outlined above will be based on our standard hourly rates, plus-out-of-pocket costs for the professionals performing these services. Specific hourly rates of firm personnel as of October 30, 2013 are as follows:

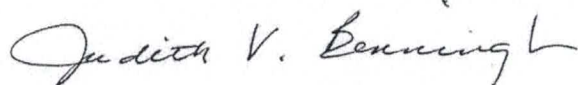
Judith V. Bennington	230.00
Stephen P. Moshofsky	230.00
Lai Wa Ng	190.00
Inna L. Schtokh	140.00
Kenneth M. Bakondi	140.00
Trudy E. Bradetich	55.00
Karin vonKrenner	55.00

If extraordinary matters come to our attention during this engagement or if we are unable to obtain the needed information on a timely basis and an extension of our services appears to be required, we will consult with you concerning an extension of our services.

If this letter correctly expresses your understanding, please indicate your agreement by signing the enclosed copy of this letter and returning it as authorization to proceed with this engagement.

Sincerely,

HENDERSON BENNINGTON MOSHOFSKY, P.C.



Judith V. Bennington

Agreed:

By:  CRO.

Date: 10-31-2013

EXHIBIT 2

PROPOSED FORM OF ORDER

UNITED STATES BANKRUPTCY COURT
DISTRICT OF OREGON

In re

C & K Market, Inc.,

Debtor.

Case No. 13-64561-fra11

**ORDER GRANTING DEBTOR'S
APPLICATION FOR ORDER TO
EMPLOY HENDERSON BENNINGTON
MOSHOFISKY, P.C. AS ACCOUNTANTS
FOR DEBTOR**

THIS MATTER having come before the Court on Debtor's Application for Order to Employ Henderson Bennington Moshofsky, P.C. as Accountants for Debtor (the "Application") [Dkt. #___], the Rule 2014 Verified Statement for Professional, and the Declaration of Edward Hostmann in Support of First Day Pleadings, and having considered the statements of counsel and the evidence adduced with respect to the Application at a hearing before the Court (the "Hearing"); and the Court having found that (1) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (2) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409, (3) this is a core proceeding pursuant to 28 U.S.C. § 157(b), and (4) notice of the Application and the Hearing was sufficient under the circumstances; and after due deliberation the Court having determined that the relief requested in

the Application is in the best interests of Debtor, its estate and the creditors; and good and sufficient cause having been shown;

IT IS HEREBY ORDERED THAT:

1. The Application is granted.
2. In accordance with Bankruptcy Code Section 327(a), Debtor is authorized to retain and employ Henderson Bennington as of the date of the Application to perform all the services set forth in the Application, on the terms set forth in the Application.
3. Henderson Bennington's compensation shall be subject to Court approval in accordance with Sections 330 and 331 of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and the Local Rules of this Court, including any procedures that may be established under Local Rule 2016-1.

#

I certify that I have complied with the requirements of LBR 9021-1(a)(2)(A).

Presented by:

TONKON TORP LLP

By _____
Albert N. Kennedy, OSB No. 821429
Timothy J. Conway, OSB No. 851752
Michael W. Fletcher, OSB No. 010448
Ava L. Schoen, OSB No. 044072
888 S.W. Fifth Avenue, Suite 1600
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E-mail: al.kennedy@tonkon.com
tim.conway@tonkon.com
michael.fletcher@tonkon.com
ava.schoen@tonkon.com
Attorneys for Debtor

cc: List of Interested Parties

UNITED STATES BANKRUPTCY COURT
DISTRICT OF OREGON

In re)
) Case No. _____
)
)
Debtor(s)) RULE 2014 VERIFIED STATEMENT
) FOR PROPOSED PROFESSIONAL

Note: To file an amended version of this statement per ¶19, file a fully completed amended Rule 2014 statement on LBF #1114 and clearly identify any changes from the previous filed version.

1. The applicant is not a creditor of the debtor except:
2. The applicant is not an equity security holder of the debtor.
3. The applicant is not a relative of the individual debtor.
4. The applicant is not a relative of a general partner of the debtor (whether the debtor is an individual, corporation, or partnership).
5. The applicant is not a partnership in which the debtor (as an individual, corporation, or partnership) is a general partner.
6. The applicant is not a general partner of the debtor (whether debtor is an individual, corporation, or partnership).
7. The applicant is not a corporation of which the debtor is a director, officer, or person in control.
8. The applicant is not and was not, within two years before the date of the filing of the petition, a director, officer, or employee of the debtor.
9. The applicant is not a person in control of the debtor.
10. The applicant is not a relative of a director, officer or person in control of the debtor.
11. The applicant is not the managing agent of the debtor.
12. The applicant is not and was not an investment banker for any outstanding security of the debtor; has not been, within three years before the date of the filing of the petition, an investment banker for a security of the debtor, or an attorney for such an investment banker in connection with the offer, sale, or issuance of a security of the debtor; and is not and was not, within two years before the date of the filing of the petition, a director, officer, or employee of such an investment banker.
13. The applicant has read 11 U.S.C. §101(14) and §327, and FRBP 2014(a); and the applicant's firm has no connections with the debtor(s), creditors, any party in interest, their respective attorneys and accountants, the United States Trustee, or any person employed in the office of the United States Trustee, or any District of Oregon Bankruptcy Judge, except as follows:

14. The applicant has no interest materially adverse to the interest of the estate or of any class of creditors or equity security holders.
15. Describe details of all payments made to you by either the debtor or a third party for any services rendered on the debtor's behalf within a year prior to filing of this case:
16. The debtor has the following affiliates (as defined by 11 U.S.C. §101(2)). Please list and explain the relationship between the debtor and the affiliate:
17. The applicant is not an affiliate of the debtor.
18. Assuming any affiliate of the debtor is the debtor for purposes of statements 4-13, the statements continue to be true except (list all circumstances under which proposed counsel or counsel's law firm has represented any affiliate during the past 18 months; any position other than legal counsel which proposed counsel holds in either the affiliate, including corporate officer, director, or employee; and any amount owed by the affiliate to proposed counsel or its law firm at the time of filing, and amounts paid within 18 months before filing):
19. The applicant hereby acknowledges that he/she has a duty during the progress of the case to keep the court informed of any change in the statement of facts which appear in this verified statement. In the event that any such changes occur, the applicant immediately shall file with the court an amended verified statement on LBF #1114, with the caption reflecting that it is an amended Rule 2014 statement and any changes clearly identified.

THE FOLLOWING QUESTIONS NEED BE ANSWERED ONLY IF AFFILIATES HAVE BEEN LISTED IN STATEMENT 16.

20. List the name of any affiliate which has ever filed bankruptcy, the filing date, and court where filed:

21. List the names of any affiliates which have guaranteed debt of the debtor or whose debt the debtor has guaranteed. Also include the amount of the guarantee, the date of the guarantee, and whether any security interest was given to secure the guarantee. Only name those guarantees now outstanding or outstanding within the last 18 months:

22. List the names of any affiliates which have a debtor-creditor relationship with the debtor. Also include the amount and date of the loan, the amount of any repayments on the loan and the security, if any. Only name those loans now outstanding or paid off within the last 18 months:

23. List any security interest in any property granted by the debtor to secure any debts of any affiliate not covered in statements 20 and 21. List any security interest in any property granted by the affiliate to secure any debts of the debtor not covered in statements 21 and 22. Also include the collateral, the date and nature of the security interest, the name of the creditor to whom it was granted, and the current balance of the underlying debt:

24. List the name of any affiliate who is potentially a "responsible party" for unpaid taxes of the debtor under 26 U.S.C. §6672:

I verify that the above statements are true to the extent of my present knowledge and belief.

Applicant

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **DEBTOR'S APPLICATION FOR ORDER TO EMPLOY HENDERSON BENNINGTON MOSHOFSKY, P.C. AS ACCOUNTANTS FOR DEBTOR** was served on the parties indicated as "ECF" on the attached List of Interested Parties by electronic means through the Court's Case Management/Electronic Case File system on the date set forth below.

In addition, the parties indicated as "Non-ECF" on the attached List of Interested Parties were served by mailing a copy thereof in a sealed, first-class postage prepaid envelope, addressed to each party's last-known address and depositing in the U.S. mail at Portland, Oregon on the date set forth below.

DATED this 20th day of November, 2013.

TONKON TORP LLP

By /s/ Ava L. Schoen

Albert N. Kennedy, OSB No. 821429
Timothy J. Conway, OSB No. 851752
Michael W. Fletcher, OSB No. 010448
Ava L. Schoen, OSB No. 044072
Attorneys for Debtor

LIST OF INTERESTED PARTIES

In re C & K Market, Inc.
U.S. Bankruptcy Court Case No. 13-64561-fra11

ECF PARTICIPANTS

- RICHARD T ANDERSON rick@andersonmonson.com, lisa@andersonmonson.com
- TIMOTHY J CONWAY tim.conway@tonkon.com, nancy.kennedy@tonkon.com
- MICHAEL W FLETCHER michael.fletcher@tonkon.com, leslie.hurd@tonkon.com;andy.haro@tonkon.com
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- AVA L SCHOEN ava.schoen@tonkon.com, larissa.stec@tonkon.com
- US Trustee, Eugene USTPRegion18.EG.ECF@usdoj.gov

NON-ECF PARTICIPANTS

SECURED CREDITORS

U.S. Bank N.A.
c/o Michael R. Stewart
Faegre Baker Daniels LLP
90 South Seventh St. #2200
Minneapolis, MN 55402-3901

Banc of America
Leasing & Capital LLC
2059 Northlake Parkway 4 South
Tucker, GA 30084

Dell Financial Services LLC
Mail Stop-PS2DF-23
One Dell Way
Round Rock, TX 78682

James D. Gillespie
28274 S. Fork Rd.
Dayville, OR 97825

Greatway Center Property LLC
8816 E. Evans Creeks
Rogue River, OR 97537

Green & Frahm
941 Delsie Dr.
Grants Pass, OR 97527

Komlofske Corp.
1535 E. 3rd St.
Prineville, OR 97754

Ken and Lynda Martin
80380 Torreon Way
La Quinta, CA 92253

Protective Life
2801 Highway 280 South
Birmingham, AL 35202

TOP 20 UNSECURED CREDITORS

Endeavour Structured Equity &
Mezzanine Fund I, LP
c/o Pamela K. Webster
Buchalter Nemer
1000 Wilshire Blvd. # 1500
Los Angeles, CA 90017-2457

THL Credit, Inc.
Pamela K. Webster
Buchalter Nemer
1000 Wilshire Blvd. #1500
Los Angeles, CA 90017-2457

Supervalu
101 Jefferson Ave. So
Hopkins, MN 55343

Western Boxed Meat Inc.
2401 NE Argyle St.
Portland, OR 97211

United Salad Co
8448 NE 33rd Dr. #100
Portland, OR 97211-2163

Umpqua Dairy Products
6823 NE 59th Pl
Portland, OR 97218

Bigfoot Beverages
86776 McVay Hwy.
Eugene, OR 97405

Core-Mark Intl
395 Oyster Point Blvd., #415
So. San Francisco, CA 94080

VPD IV Inc.
6051 S Watt Ave.
Sacramento, CA 95829

J B Hunt
File #98545
615 J.B. Hunt Corporate Dr.
Lowell, AR 97245

Komlofske Corp.
1535 E. 3rd St.
Prineville, OR 97754

Tarks, Inc.
3752 Colver Rd.
Phoenix, OR 97535

Willamina Foods, LLC
8630 SW Scholls Ferry Rd.
Beaverton, OR 97008

Marc and Charlotte Gould
5494 Goodrich Hwy.
Oakland, OR 97462

Marc and Charlotte Gould
c/o Raymond M. Ramsay
Ramsay & Stein PC
4285 Commercial St SE #140
Salem, OR 97302

S and J Reed, Inc.
c/o Steve Reed
2100 Pine Gate Way
White City, OR 97503

Nor-Cal Produce Inc.
2995 Oates St.
West Sacramento, CA 95691

The News Group
3995 70th Ave. E #B
Fife, WA 98424-1126

Pacific Power & Light Co.
1033 NE 6th Ave.
Portland, OR 95256-9199

Coca Cola Bottling Company
15333 SW Sequoia Pkwy.
Portland, OR 97224

Reser's Fine Foods Inc.
15570 SW Jenkins Rd.
Beaverton, OR 97006

OTHER

Nidiffer Family LLC
c/o David A. Foraker
Greene & Markley, P.C.
1515 SW Fifth Ave., Suite 600
Portland, OR 97201

Henderson Bennington Moshofsky PC
c/o Judith V. Bennington, CPA
4800 SW Griffith Dr.
Beaverton, OR 97005